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COMMERCE FOR 4331/MAC/WH/MCAMERON  
TREASURY FOR MEWENS  
USTR FOR BHARMAN AND MCARRILLO

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SUBJECT: APRIL TRADE AND INVESTMENT BRIEFS

SUMMARY

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[1](#)1. This is an update on the following trade and investment news from Peru:

Trade

- Peru and China Sign Free Trade Agreement
- Peru and South Korea Second Round of Negotiations
- Peru and Japan Start Trade Negotiations in May

Investment

- Little Caesars Opens in Peru
- French-English Energy Company to Invest \$2 Billion
- Japanese to Invest in Trujillo
- Colombia Looking to Peruvian Market

PERU AND CHINA SIGN FREE TRADE AGREEMENT

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[1](#)2. Vice President Luis Giampietri and Foreign Commerce and Tourism Minister Mercedes Araoz traveled to China to sign the free-trade agreement the two countries reached last November. The agreement came into effect on April 28th. The agreement allows for 94.5 percent of items exported to China to enter that country tariff free, while Peru immediately eliminated tariffs on 83.5 percent of products imported from China. There are around 600 items that were left out of the deal, including several sensitive articles in the textile category. China is Peru's second largest trading partner after the United States. Peru's exports to China last year totaled \$3.7 billion, while imports were slightly less than \$4.1 billion.

PERU AND SOUTH KOREA SECOND ROUND OF NEGOTIATIONS

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[1](#)3. In May, Peru and South Korea completed the Second Round of trade negotiations in Lima. Both parties would like to finalize the agreement before the end of the year.

PERU AND JAPAN START TRADE NEGOTIATIONS IN MAY

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[1](#)4. Peru and Japan held the first round of negotiations for a free trade agreement during the last week of May. The two parties anticipate 13 rounds of negotiations covering market access, rules of origin, dispute settlement, institutional themes, cross-border trade in services, among other themes.

LITTLE CAESARS OPENS IN PERU

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[1](#)5. In May, the American franchise Little Caesars opened its first South American establishment in Peru. The company anticipates

thirty percent growth in its first year of operation in Peru. In the coming year, the owner hopes to open three more restaurants in Lima and future plans include locations in Arequipa, Cuzco, Trujillo, and Chiclayo.

#### FRENCH-ENGLISH ENERGY COMPANY TO INVEST \$2 BILLION

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¶16. French-English energy company Perenco will invest more than \$2 billion to explore and extract heavy crude in jungles of northern Peru, doubling its planned outlay. Perenco SA president Francois Perrodo says the company hopes to begin production by 2013 at the field in Loreto state. The Paris-based company said previously it would invest \$1 billion over three years. President Garcia's office said the field holds reserves estimated at more than 300 million barrels.

#### JAPANESE TO INVEST IN TRUJILLO

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¶17. The Japanese firm Shoei Kaitaku Company expressed their intention to invest in infrastructure projects in the Trujillo area. Projects will likely include highways, roads, water treatment plants, irrigation systems, education centers, and hospitals.

#### COLOMBIA LOOKING TO PERUVIAN MARKET

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¶18. Colombian firms consider Peru an excellent market for expansion and development. Approximately 15-20 Colombian textile businesses have conducted studies of the market with the aim to expand in Peru. Colombia is the seventh largest investor in Peru.

MCKINLEY